

STANDING COMMITTEE REPORT NO. 13-148

RE: C.R. NO. 13-92/R&D

SUBJECT: APPROVING DECEMBER 31, 2003 AGREEMENT FOR ECONOMIC AND
TECHNICAL COOPERATION AGREEMENT WITH THE GOVERNMENT OF THE
PEOPLE'S REPUBLIC OF CHINA

SEPTEMBER 01, 2004

The Honorable Peter M. Christian
Speaker, Thirteenth Congress
Federated States of Micronesia
Fifth Special Session, 2004

Dear Mr. Speaker:

Your Committee on Resources and Development, to which was referred
C.R. No. 13-92, entitled:

"A RESOLUTION TO APPROVE THE AGREEMENT ON ECONOMIC AND TECHNICAL
COOPERATION BETWEEN THE GOVERNMENT OF THE FEDERATED STATES OF
MICRONESIA AND THE GOVERNMENT OF THE PEOPLE'S REPUBLIC OF CHINA,
EXECUTED ON DECEMBER 31, 2003, IN ACCORDANCE WITH 54 F.S.M.C.
§210.",

begs leave to report as follows:

The intent and purpose of the resolution are expressed in its title.

This referenced resolution, transmitted to Congress via Presidential
Communication No. 13-127, is an Agreement on Economic and Technical
Cooperation between the Government of the People's Republic of China
and the Government of the Federated States of Micronesia (the
"Agreement"), under which the Government of the People's Republic of
China will gratuitously grant RMB ¥ 15,000,000 (approximately US \$ 1.7
million) for economic and technical cooperation project(s) or
providing commodities to the FSM Government.

Your Committees on Resources & Development and External Affairs held a
joint public hearing with representatives from the Department of
Foreign Affairs, Department of Justice, Department of Finance and

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Office of the President in attendance on August 26, 2004. Your Committee on Resources and Development learned that there were no specific projects agreed upon by the two governments under the Agreement. Under the agreement, the People's Republic of China may choose from possible projects identified by the FSM. Your Committee also learned that there is no time restriction on the use of these funds.

According to the Secretary of Foreign Affairs, Mr. Sebastian Anefal, the proposed projects currently under consideration for funding under this agreement and the similar agreement addressed by C.R. No. 13-96, are the construction of the four official residences of the President, Vice President, Speaker and Chief Justice of the FSM government, the Tuna Commission building and the Airport/Terminal renovation in Chuuk.

Your Committee received assurances from the Executive branch that all uses of funds would be consistent with both the written and verbal agreements with the Government of the People's Republic of China regarding the use of these funds.

In order to make the resolution more accurate, your Committee recommends the following change to C.R. No. 13-92:

1. Page 2, line 5, delete "Kolonias" and insert "Palikir" in lieu thereof.

With the recommended amendment, your Committee on Resources and Development is in accord with the intent and purpose of C.R. No. 13-92 and recommends its adoption in the form attached hereto as C.R. No. 13-92, C.D.1.

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Respectfully submitted

/s/ Alik L. Alik
Alik L. Alik, member

/s/ Dion G. Neth
Dion G. Neth, member

/s/ Tiwiter Aritos
Tiwiter Aritos, member

/s/ Sabino S. Asor
Sabino S. Asor, member

/s/ Ramon Peyal
Ramon Peyal, member

/s/ Resio S. Moses
/s/ Resio S. Moses

/s/ Moses S. Nelson
Moses S. Nelson, member